

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 7616

BILL NUMBER: HB 1624

NOTE PREPARED: Jan 11, 2003

BILL AMENDED:

SUBJECT: Registration of State Contractors.

FIRST AUTHOR: Rep. Mahern

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: ☒ **GENERAL**
☒ **DEDICATED**
☐ **FEDERAL**

IMPACT: State & Local

Summary of Legislation: This bill requires certain persons who enter into contracts with an agency in the executive branch of state government to register with the State Ethics Commission. The bill requires registrants to make certain reports. It also provides for civil and criminal penalties for violations.

Effective Date: July 1, 2003.

Explanation of State Expenditures: *State Ethics Commission:* This bill will require the State Ethics Commission to administer the filing, processing, and auditing of reports and registrations filed by persons entering contracts with executive agencies. Due to the Commission's limited staff, this provision could require the hiring of additional personnel to process and maintain the additional filings.

The funds and resources required above could be supplied through a variety of sources, including the following: (1) Existing staff and resources not currently being used to capacity; (2) Existing staff and resources currently being used in another program; (3) Authorized, but vacant, staff positions, including those positions that would need to be reclassified; (4) Funds that, otherwise, would be reverted; or (5) New appropriations. The State Ethics Commission reverted \$36,992 in FY 2002. As of January 6, 2003, the Commission reported no vacancies. Ultimately, the source of funds and resources required to satisfy the requirements of this bill will depend upon legislative and administrative actions. The bill does not contain an appropriation.

A portion of this program's cost may be partially offset by revenue from civil penalties collected from that violate the filing requirements (see *Explanation of State Revenues, below*).

Attorney General's Office: At the Commission's request, the Attorney General's office would be required to institute appropriate proceedings to collect civil penalties imposed by the Commission. This provision will increase the Office's administrative burden.

Penalty Provision: A person who knowingly violates certain provisions in the bill commits a Class D felony. A Class D felony is punishable by a prison term ranging from six months to three years or reduction to Class A misdemeanor depending upon mitigating and aggravating circumstances. The average expenditure to house an adult offender was \$25,087 in FY 2001. Individual facility expenditures ranged from \$18,520 to \$54,465. (This does not include the cost of new construction.) If offenders can be housed in existing facilities with no additional staff, the average cost for medical care, food, and clothing is approximately \$1,825 annually or \$5 daily per prisoner. The average length of stay in DOC facilities for all Class D felony offenders is approximately ten months.

Explanation of State Revenues: The bill allows the Commission to assess a \$10 per fine for each day a person fails to file an activity report after the report is due. Additionally, the Commission may fine a person up to \$500 if the Commission finds that a filed statement or report was materially incorrect and the person fails to file a corrected statement or report upon notification. Fine revenue would be deposited with the Commission.

Penalty Provision: If additional court cases occur and fines are collected, revenue to both the Common School Fund and the state General Fund would increase. The maximum fine for a Class D felony is \$10,000. Criminal fines are deposited in the Common School Fund. If the case is filed in a circuit, superior or county court, 70% of the \$120 court fee that is assessed and collected when a guilty verdict is entered would be deposited in the state General Fund. If the case is filed in a city or town court, 55% of the fee would be deposited in the state General Fund.

Explanation of Local Expenditures: *Penalty Provision:* If more defendants are detained in county jails prior to their court hearings, local expenditures for jail operations may increase. The average cost per day is approximately \$44.

Explanation of Local Revenues: *Penalty Provision:* If additional court actions occur and a guilty verdict is entered, local governments would receive revenue from the following sources: (1) The county general fund would receive 27% of the \$120 court fee that is assessed in a court of record. Cities and towns maintaining a law enforcement agency that prosecutes at least 50% of its ordinance violations in a court of record may receive 3% of court fees. (2) A \$3 fee would be assessed and, if collected, would be deposited into the county law enforcement continuing education fund. (3) A \$2 jury fee is assessed and, if collected, would be deposited into the county user fee fund to supplement the compensation of jury members.

State Agencies Affected: Department of Correction.

Local Agencies Affected: Trial courts, local law enforcement agencies.

Information Sources: Indiana Sheriffs Association, Department of Correction; State Ethics Commission; Attorney General's Office.

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